

VZCZCXRO0541

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DE RUEHFR #2213 3430704
ZNR UUUUU ZZH
P 080704Z DEC 08
FM AMEMBASSY PARIS
TO RUEHC/SECSTATE WASHDC PRIORITY 4995
INFO RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUCNMUC/EU CANDIDATE STATES COLLECTIVE

UNCLAS PARIS 002213

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E.O. 12958: N/A

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SUBJECT: French welcome Biofuels "sustainability" Demarche

REF: State 123492

¶1. (SBU) Summary: In response to reftel, the Embassy has reached out to French Government officials in the Ministries of Agriculture, Economy and Environment. The Agriculture Ministry told us that the EU is still discussing the biofuels sustainability and criteria issue, and that they still hope to resolve the issue by the end of its Presidency December 31. The Ministry of Economy hopes to discuss this issue further in the Trans-Atlantic Economic Council (TEC) in December. We had difficulty reaching the appropriate officials in the Environment Ministry, but left the demarche with subordinates. End summary.

¶2. (SBU) On Thursday, November 20 Jean-Yves Cortey, head of the Biomass Office, General Directorate for Agricultural Food and Regional Policies, Ministry of Agriculture and Fisheries (MAP) told the Agricultural Minister-Counselor that MAP welcomes the demarche and will consider its points. On Friday, November 21 the Embassy Ag office also forwarded the demarche to senior advisors to MAP Minister Barnier.

¶3. (SBU) Speaking of the EU Directive, Cortey explained MAP's main concern is the Indirect Land Use Change (ILUC) criteria. An initial EU draft provided that, if the EC Commission failed to develop ILUC methodology by 2012, then the Greenhouse Gas (GHG) ration for biofuel from crops (including corn ethanol) would be reduced, i.e., penalized, vis-`-vis other renewable fuel sources. France now supports wording that "the Commission must propose a methodology to calculate ILUC by 2012," without mentioning a penalty, in order to protect the EU biofuel infant industry.

¶4. (SBU) On Wednesday, November 26, Elie Beauroy of the Ministry of Economics, Finance and Industry's Treasury and Economic Policy Bureau told Econoff and ESTH Counselor that the French are focusing on the direct effects of biofuels, while the indirect effects will be noted, but not binding. The Commission will provide reports on the impact of biofuel production on food prices, land use, and working conditions in exporting countries. Science-based sustainability criteria will be applied mostly to first generation biofuels provided their production is not on land with high biodiversity value or high carbon stock. The European directive includes a "life cycle" methodology for measuring the percentage of emissions reductions sought from biofuels. However, U.S. corn ethanol is still excluded at this stage. Beauroy suggested discussing this issue in the next TEC meeting scheduled for December. He was non-committal on extending by a year the implementation of the Energy and Climate legislative package. At Beauroy's request, we emailed the text of the Energy Independence and Security Act (EISA).

¶5. (SBU) Earlier in the week, the ESTH Counselor had reached out to officials in the Ministry of Ecology, Environment, Sustainable Development and Regional Planning (MEEDDAT), but was unable to obtain an appointment with officials sufficiently senior to respond

authoritatively. We left talking points with MEEDDAT officials and will follow up next week.

Stapleton